



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

April 6, 2009

To: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (FIRST QUARTER 2009)**

In response to the increased level of CRA activity in the County and the Chief Executive Office's (CEO) augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the first quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, the CEO works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS  
DSP:RTM:ib

Attachment

c: Auditor-Controller  
County Counsel

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*"To Enrich Lives Through Effective And Caring Service"*

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**COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES**  
**Quarterly Report – First Quarter 2009**

**New CRA Projects - Routine Notifications/Reports Provided to Board**

<b>CRA Projects</b>	<b>District</b>	<b>Type of Notification</b>	<b>Date</b>
City of Whittier Amendment to Project Area No. 1.	4 <sup>th</sup>	Notice of Preparation	February 18, 2009
City of South Gate Amendment to Project Area No. 1.	1 <sup>st</sup>	Notice of Preliminary Report	March 20, 2009

**Board Letters/Actions During Quarter**

<b>CRA Projects</b>	<b>District</b>	<b>Action</b>	<b>Date of Board Action</b>
None			

**Major Ongoing or Emergent CRA Issues**

**Commerce (First District)**

Issue: The City is proposing an increase to the cap of Project Area No. 1.

Status: The CEO, in conjunction with County Counsel, has worked to assess the City's compliance with Community Redevelopment Law. The CEO has informally expressed concerns to the City, that there is little evidence of significant remaining blight, or nexus between the requested cap increase and the projects proposed to eliminate the remaining blight. The City has indicated that it may, nonetheless, proceed with project adoption.

**El Monte (First District)**

Issue: The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

Status: The CEO informed the City that any recommendation to the Board regarding a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans.

### **City of Industry (First District)**

**Issue:** The City sponsored a bill (SB 1771) to extend its three redevelopment projects by ten years. The reason given for extension was to support the provision of low-income housing. The extensions would have a very significant negative impact on the County's future share of tax increment.

**Status:** Your Board and other officials have expressed concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. The City is moving forward with its NFL Stadium project. The CEO will continue to monitor State budget negotiations for the inclusion of any proposals to extend redevelopment projects in exchange for some short-term benefit to the State. The long-term negative impact to the County, State, and all other taxing agencies would be tremendous.

### **Los Angeles (Second District)**

**Issue:** The City is seeking County assistance to redevelop the Crenshaw project area.

**Status:** CEO staff informed the City that any recommendation to the Board regarding a contribution of County tax share will be in the form of a loan which will require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. CEO staff will work with CRA/LA staff on this proposal.

### **Rosemead (First District)**

**Issue:** The City is proposing a merger of two existing project areas.

**Status:** The CEO worked with the City and determined that the proposal was generally consistent with the requirements of Community Redevelopment Law.

### **Santa Fe Springs (First District)**

**Issue:** The City is proposing to add new areas to existing redevelopment project areas.

**Status:** The CEO, in conjunction with County Counsel, will work with the City to confirm compliance with Community Redevelopment Law, which requires findings of significant remaining blight. CEO staff toured the site, and expects to receive the Preliminary Report in the coming weeks.

### **South Gate (First District)**

**Issue:** The City is contemplating a new redevelopment project, and asked the CEO to review its initial proposal. The amount and value of the area proposed to be placed in redevelopment is very significant.

**Status:** CEO staff toured the proposed project area and requested that the City remove approximately 250 out of the originally proposed 1,100 acre project. The City complied with this request. CEO staff analyzed the Preliminary Report, and determined that the remaining areas are generally consistent with the blight requirements contained in Redevelopment Law.

## **Litigation**

### **Glendora (Fifth District)**

**Issue:** The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

**Status:** The County filed a lawsuit objecting to the Project, and the Trial Court ruled in favor of the County. The City filed an appeal and the County filed its response to the City's opening brief. One of the recently passed State budget trailer bills included a provision that would nullify the most financially significant aspect of the decision by guaranteeing Glendora's Project No. 3 a minimum of \$2.6 million annually. The County plans to ask the Court of Appeal to rule on the legality of this maneuver.

### **Los Angeles - City Center and Central Industrial (First and Second Districts)**

**Issue:** The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

**Status:** Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. The County agreed to a settlement that will affirm that the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. The settlement agreement was accepted by the Court, and the Auditor-Controller released the tax increment being held in trust to the CRA and all taxing entities, including the County General Fund, in July. For 2007-08, the amount paid to the General Fund for the City Center and Central Industrial Projects was approximately \$11.5 million (inclusive of interest).

## **Overall CRA Statistics**

Active CRA Projects	313
Pending CRA Projects	14